Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of:)
Schools and Libraries Universal   )   **CC Docket No. 02-6**
Service Support Mechanism   )

Comments Submitted by
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Introduction

WiscNet appreciates the opportunity to comment on this Notice of Proposed Rule Making (NPRM) for the Schools and Libraries Universal Service Support Mechanism (E-rate).

WiscNet is a not-for-profit association that provides network services, including E-rate eligible services, to 520 K-16 education and government member institutions in Wisconsin. We currently serve 388 E-rate-eligible entities. During the last four years, we have devoted significant staff-time to assisting our eligible members through the annual processes of application, audit, post-commitment administration and, when necessary, appeal. 80% of our eligible members applied for Year 5 funding. Further, as a service-provider, we work with the Schools and Libraries Division to certify service delivery and arrange reimbursement for discounts.

Thus, we have two perspectives on E-rate. We are the service-provider who delivers Internet access to the greatest number of eligible entities in Wisconsin. Simultaneously, we are the largest member-governed association of eligible entities in Wisconsin.

We offer the following comments from those perspectives and to further the goals of this NPRM: improve program operations, ensure equitable distribution of program benefits and improve oversight.

Our fundamental comment is that the quest to prevent fraud, waste and abuse has led to increasingly-complex rules and procedures that cause exceptionally-high frustration among our members, increase unnecessary administrative costs, and, contrary to expectation, contribute to waste in the program.

To significantly improve E-rate, the FCC must make the program **simpler** for applicants, providers and administrators, provided such simplification does not impair the primary goals of competitive neutrality, technology neutrality and cost-effective innovation by providers and applicants.

NPRM. III.A.1 Application Process. Eligible Products and Services.

Pre-approved List.
WiscNet believes that a pre-approved, exclusive list of eligible products and services is <u>inconsistent</u> with E-Rate's fundamental goals of competitive neutrality and cost-effective innovation by providers and applicants, despite its potential to further the lesser goals of efficiency, predictability, flexibility and cost-effectiveness of the eligibility determination process.

Both as an association of eligible applicants and as a provider, we do <u>not</u> desire such a list. We do <u>not</u> believe its maintenance is feasible, given the rate of change in, and proliferation of, products and services that providers and applicants may adapt for eligible purposes. Such a list certainly will limit applicants' ability to use newly-introduced products and services.

To improve the fairness of eligibility-determination in E-rate's current process, we believe applicants, providers and administrators are best-served by the Program Administrator publishing and periodically revising a guideline that defines the evidence that an applicant or provider must supply if challenged to defend the eligibility of a product, service or adaptation thereof.

Wide Area Networks (WANs).
WiscNet **strongly supports** maintaining the current definition of WANs as a Priority One service. 57% of our E-rate eligible members (or 221 out of 388 entities) depend upon WANs that are supported in part by E-rate discounts. All have built significant, continuing academic and library programming upon their WAN services.

Internet2 (I2)
K-12 schools and public libraries can access the Internet2 network under the I2-K20 Initiative, which fosters routine collaboration on instruction, network services and content with I2 members or with other sponsored participants (e.g., K-12 schools in other states). There are two E-rate related components to the I2-K20 Initiative: I2 transport fees (connectivity service) and Participant fees.

I2 Transport Fees. WiscNet believes that E-rate was intended to "enhance access to advanced telecommunications and information services" for K-12 schools and libraries." I2 transport provides just such access.

We believe the FCC should continue to view I2 transport services as eligible telecommunication services. Further, the FCC should rule that otherwise-eligible Internet access services (such as DNS, DHCP, email and caching) provided as part of I2 service are eligible services, with no distinction made between Internet1 or Internet2 access.

Participant Fees. The I2-K20 Initiative extends I2 access to K-12 schools and libraries through a Sponsored Educational Group Participant (SEGP) program. An I2 member

(or "Connector") agrees to connect the SEGP to I2's network and pay I2 the SEGP fee. WiscNet is Wisconsin's SEGP, permitting our members to access the I2 network. We pay the Participant Fee to our I2 Connector institution, who then pays I2's provider, UCAID.

We believe the FCC should rule that these Internet2 access fees are eligible for discount. If granted, the I2 Connector institution would file as an Internet provider, obtain an SLD SPIN and file for discounts/reimbursements per current procedure.

NPRM. III.A.2 Application Process. Discounts for Internet Access When Bundled with Content.

WiscNet **opposes** the modification of FCC rules to permit discounts for Internet access when bundled with content. We believe the FCC must first deal with the continuing demand-driven growth in Internet use and hence, the growth in eligible Internet access costs relative to the current fixed size of E-rate funding.

Until that issue is resolved, the FCC should prevent premature exhaustion of Priority One funding via this content-bundling proposal and instead conserve funds for growth-driven increase in Internet access costs.

NPRM. III.B.1 Post Commitment Program Administration. Choice of Payment Method.

WiscNet **opposes** giving the service-recipient the final determination of payment method. Further, we **oppose** a twenty-day remittance period maximum with potential for penalties. We believe that our members are well-served by the current rules which permit us to apply the discount directly to our invoices, giving the eligible entity an invoice already net of discount. Our internal procedure for remitting BEAR payments to members already requires a shorter period than contemplated in the NPRM.

We **favor** direct remittance of BEAR payments from SLD to service-recipient.

NPRM. III.B.3 Post Commitment Program Administration. Use of Excess Services in Remote Areas.

WiscNet **opposes** permitting the use of excess service obtained through E-rate when not in use by schools and libraries for educational purposes.

In our role as service provider, we forbid our members to re-sell excess service to ineligible public and private entities. Such use was not agreed in our governing contract and violates the supplier-agreements that we make with our service-providers.

NPRM. III.D.1 Enforcement Tools. Independent Audits.

WiscNet **opposes** authorizing the SLD Administrator to require audits of a provider or applicant at their expense unless and until there is compelling evidence of waste, fraud or abuse.

NPRM. III.D.1 Enforcement Tools. Alterative Program Integrity Methods.

To promote program efficiency, WiscNet **favors** revision of FCC Forms 498 (Service Provider Information Form) and 478 (Service Provider Annual Certification Form) to collect additional information about business operations and methods useful to SLD program compliance auditors.

For example, these forms should collect for PIA use the facts that: (1) WiscNet is a non-profit association owned by its members who renew membership annually using a generic annually-renewable membership memorandum of understanding; (2) WiscNet bills annually-in-advance; (3) WiscNet prefers to apply SLD discount to invoice. Such information will reduce the redundant, repetitive requests for information that our members and we currently experience.

NPRM. III.E.2 Unused Funds. Treatment of Unused Funds.

WiscNet **favors** disbursing unused funds in subsequent funding years to provide additional resources for applicants, particularly given the continuing demand-driven growth in Internet use and hence, the growth in eligible Internet access costs relative to the current fixed size of E-rate funding.